

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CATV POLE ATTACHMENT)	
TARIFF OF BLUE GRASS)	ADMINISTRATIVE
RURAL ELECTRIC COOPERATIVE)	CASE NO. 251-29
CORPORATION)	

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming to the principles and findings of the Order on or before November 1, 1982.

On October 26, 1982, Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") filed rates, rules, and regulations for CATV pole attachments. On November 15, 1982, the Commission suspended Blue Grass' CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Blue Grass' CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to

various CATV pole attachment tariffs, including those of Blue Grass.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Blue Grass' rules and regulations governing CATV pole attachments conform to the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and would be approved, except for the following objections:

- (a) Billing: The late payment provision should be the same as that applied to other customers of Blue Grass.
- (b) KCTA objects to tariff provisions which disclaim liability for loss or damage resulting from Blue Grass' transfer of CATV facilities when the CATV operator has not made the transfers according to the specified timetable. This is a reasonable objection, and Blue Grass should only disclaim liability in such instances for any consequential damages such as loss of service to CATV customers.
- (c) KCTA objects to indemnification and hold harmless provisions which require indemnity from the CATV operator even when Blue Grass is solely liable. This is a reasonable objection, and should be corrected in the tariff. Blue Grass may require indemnification and hold harmless provisions in

cases of alleged sole or joint negligence by the CATV operator, but cannot require same merely because of the existence of CATV attachments and equipment on Blue Grass' poles.

- (d) KCTA objects to lack of tariff provisions which would provide for reduction or lifting of bonding requirements after the CATV operator has proven to be a reliable customer. This is a reasonable objection. If a bond is furnished by the CATV operator to assure performance of required indemnity and hold harmless provisions, such bond should be in a form and amount reasonably calculated to cover the undertakings specified during the "make-ready" and construction phases of the CATV system's operation.

The amount of the bond may be reduced after the CATV operator has proven itself to be a reliable utility customer. Allowance of such reduction should not be unreasonably denied.

- (e) KCTA objects to provisions disclaiming liability if the CATV operator is ever prevented from placing or maintaining attachments on Blue Grass' poles, or if CATV service is ever interrupted or television service interfered with. This objection is reasonable, although Blue Grass may have tariff provisions disclaiming liability if

the inability of the CATV operator to make attachments is not the fault of Blue Grass, as when municipal franchises or right-of-way must be acquired by the CATV operator prior to making pole attachments.

Similarly, Blue Grass may not require that it be held harmless when its own negligence results in damage to CATV lines and equipment or interference with CATV service, but may require that it be held harmless when such conditions are caused by situations beyond its control.

- (f) KCTA objects to provisions which require a penalty fee at double the normal rate for changes necessary to correct substandard installations by CATV operators. Specifically, KCTA states that while the Commission's Order in this matter authorizes double billing for unauthorized, substandard attachments, it makes no provision for substandard, but authorized installations.

This objection is unreasonable. While the CATV operator may obtain authorization to make attachments, this can in no way relieve the operator of the responsibility to insure that attachments are made in a safe manner which adheres to applicable codes such as the National Electric Safety Code.

(g) Abandonment by the Utility: Blue Grass' provision allowing the CATV operator only 48-hours' notice when it desires to abandon a pole is unreasonable. The CATV operator should be informed of such abandonment as soon as possible, but in any event should have at least 30-days' notice if no other pole is available or planned to be installed by Blue Grass.

(h) Abandonment by the CATV Operator: Blue Grass' tariff provision requiring the CATV operator to pay rental for the then current year is unreasonable. Just as with any other customer, the CATV operator can only be held responsible for rental for the then current month when the CATV operator abandons the pole.

(i) Blue Grass' tariff proposes that it may terminate service to the CATV operator if the bill is not paid within 20 days of the mailing date. The tariff should be amended to conform to the Commission's regulations concerning discontinuance of service to electric customers.

2. Blue Grass should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is available and filed with the Commission.

3. Blue Grass' calculation of its annual carrying cost should be modified to exclude interest expense, as this is covered by the "cost of money" component, and to include customer

accounts expense, customer service and information expense and all taxes other than income taxes.

4. KCTA objected to Blue Grass' calculation of its pole attachment rates which was based on investment over the past 16 years and included the cost of 45-foot poles in the 2-user pole attachment rate. KCTA's objection is reasonable. Blue Grass' calculation should be modified to include fully embedded costs and to exclude the cost of 45-foot poles from the 2-user pole attachment rate.

ORDERS

IT IS THEREFORE ORDERED that Blue Grass' CATV pole attachment tariff filed with the Commission on October 26, 1982, be and it hereby is rejected.

IT IS FURTHER ORDERED that Blue Grass shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules and regulations shall conform to the findings of this Order.

IT IS FURTHER ORDERED that Blue Grass shall file detailed workpapers supporting its revised rates at the same time it files its revised rates, rules and regulations.

Done at Frankfort, Kentucky, this 12th day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary